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No. 94-

IN THE
Supreme Court of the United States
OCTOBER TERM, 1994

CCC INFORMATION SERVICES INC.,

Petitioner,

v.

MACLEAN HUNTER MARKET REPORTS, INC.,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Second Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

I. Whether, pursuant to the First Amendment and the Copyright Act, a court may extend copyright protection to a compilation's data which is the expression of ideas where the expression is essential to and thereby merged with the ideas.

II. Whether copying portions of a work incorporated by specific reference into, and required to be used by, state laws for purposes of assuring compliance with these laws can constitute copyright infringement.

LIST OF PARTIES AND RULE 29.1 STATEMENT

There are no parties to this proceeding not revealed in the caption of this case.

Petitioner CCC Information Services Inc. is a wholly-owned subsidiary of InfoVest Corporation, whose shares are not publicly traded.

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CCC INFORMATION SERVICES INC.,

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MACLEAN HUNTER MARKET REPORTS, INC.,

Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioner CCC Information Services Inc. respectfully requests this Court to issue a writ of certiorari to review the judgment of the United States Court of Appeals for the Second Circuit entered in this proceeding on December 5, 1994.

OPINIONS BELOW

The opinion of the Court of Appeals for the Second Circuit is reported at 44 F.3d 61 (2d Cir. 1994) and is reprinted in the Appendix at App. 1a-32a. The relevant opinion of the United States District Court for the District of

Connecticut is unpublished and is reprinted in the Appendix at App. 37a-65a.

JURISDICTION

On December 5, 1994, the Second Circuit entered its order reversing the decision of the district court. (App. 33a-34a). Petitioner timely filed a Petition for Rehearing and Suggestion for Rehearing *en Banc* on December 19, 1994. The Petition for Rehearing was denied on March 10, 1995. (App. 35a-36a). The mandate issued on March 17, 1995.

Petitioner invokes this Court's jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS

U.S. Const. art I, § 8, cl. 8:

The Congress shall have power . . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.

U.S. Const. amend. I:

Congress shall make no law . . . abridging the freedom of speech, or of the press. . . .

U.S. Const. amend. V:

No person shall. . .be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

U.S. Const. amend. XIV, § 1:

. . . No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without the due process of law; nor deny to any person within its jurisdiction the equal protection of the laws.

United States Copyright Act of 1976, 17 U.S.C. § 101 *et seq.*

17 U.S.C. § 102:

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

The pertinent portions of the following statutes and regulations, also relied upon, are reproduced verbatim in the Appendix:

17 U.S.C. § 101 (App. 68a)
17 U.S.C. § 103 (App. 68a-69a)
Conn. Gen. Stat. § 38-353(a) (1990) (App. 70a)
Conn. Ins. Dept. Bull. No. IC-4 (Aug. 28, 1987) (App. 70a-71a)
N.J. Admin. Code § 11:3-10.4 (1988) (App. 71a-73a)
11 N.Y. Admin. Code § 216.7(c) (1990) (App. 73a-75a)
31 Pa. Code § 62.3(f) (1989) (App. 75a-77a)

STATEMENT OF THE CASE

I. FACTUAL BACKGROUND

Petitioner, CCC Information Services Inc. ("CCC"), sells computerized vehicle valuation reports to insurance companies who need to determine settlement values for their insureds' total loss claims. Respondent, Maclean Hunter Market Reports, Inc. ("Maclean Hunter"), publishes the "Automobile Red Book -- Official Used Car Valuations" (the "Red Book").

CCC's vehicle valuation products are multi-paged computer generated reports containing a single suggested settlement value; an accurate description of the vehicle's make, model and features to be valued; a fraud-preventing comparison of the lost vehicle to a database of previously

reported claims; and other information. In most cases, the settlement value comes from CCC's survey of automobile dealers' lots. The laws of the States of Connecticut, New Jersey, New York and Pennsylvania, however, require that total loss claims be settled on the average of the vehicle's value as derived from the Red Book and the "NADA Official Used Car Guide" (the "NADA Guide"). (App. 41a-42a; 70a-77a). The complex regulations in these states together with the guidebook rules make manual calculations of the settlement value difficult and prone to error. CCC, therefore, offers a second type of report with a settlement value calculated from the guidebooks primarily for customers who are located in these four states. (App. 42a-43a).

A. CCC's Vehicle Valuation Files

To produce its vehicle valuation reports, CCC has developed a sophisticated electronic database with numerous informational files. CCC's employees create the primary, or standard, vehicle file by defining vehicles as they appear in the market. (JA562-567).[1] CCC decides what features will cause a vehicle to be listed as a base model, and what will be treated as an add-on package, standard options and customary equipment. (*Id.*). This file is arranged by manufacturer and model in strict alphabetical order, intermingling imported and domestic vehicles, and contains over 40,000 individual listings. (JA518, JA586-587). CCC also selects and arranges a separate listing of options which

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[1] "JA___" references are to the pages of the Joint Appendix the parties submitted to the Second Circuit.

include any feature regularly appearing on vehicles which is determined to have value.

CCC's file containing the Red Book price data is the focus of this litigation.[2] To create this file, CCC begins with duly purchased copies of the Red Book and CCC worksheets which contain base vehicle listings taken from the standard vehicle files. (JA517-522, JA588). CCC personnel look up Red Book prices for these listings and frequently must add Red Book package or option values to base prices in order to make the Red Book value correspond to CCC's listed base model. (JA512-514, JA587). Similarly, CCC personnel match Red Book option or package values to those which correspond to listings taken from CCC's files. The information on the worksheets is entered into CCC's on-line database. (JA517-522). Mileage information in the increments found in the Red Book are recorded on CCC's own formatted charts. CCC uses only the numerical data from the Red Book. (JA588).[3]

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[2]In the early 1980s, Maclean Hunter declined CCC's request for a license to sell Red Book reports and to use Red Book trademarks throughout the United States. CCC has also sought unsuccessfully to obtain Red Book information electronically so that CCC could eliminate its manual input process.

[3]In addition to the fully calculated guidebook values that are part of the reports sold in the four statutory states, for a brief time Red Book values appeared as "reference numbers" on a few reports containing dealer survey settlement values. CCC has also furnished *ad hoc* reports which show, in aggregate, the variance between the value of the total loss claims as valued by CCC's local market survey method and the Red

CCC's reports do not contain the numbers actually expressed in the Red Book. *Compare* App. 78a (a sample CCC report) to App. 79a-80a (the applicable pages from the Red Book). Unlike the Red Book, CCC's product offers more useful information in settling claims and delivers a rapid, accurately computed valuation number under the various state guidelines.

B. Automobile Red Book Official Used Car Valuations

The Red Book editors claim that "[A]ll information in this edition has been obtained from reliable sources. It has been most carefully compiled and is believed to be correct." (App. 39a).

The Red Book is a compilation of vehicle values published eight times a year for four geographic regions. (App. 40a). On average, it lists 7000 different vehicles, covering an estimated 98% of all used vehicles available. (App. 39a). These listings are segregated by domestic and imported cars and trucks and cover seven model years. Within each section, the manufacturers are listed alphabetically and the models are listed in reverse chronological order. Package and standard option tables are interspersed with the manufacturer and model listings of the base values. Additional option tables and mileage charts appear at the back of the book. (*Id.*)

Book values. CCC has also used Red Book values as an internal quality control measure to identify a possible gross error in its own local market valuations.

The information in the Red Book is there because of customers' needs. (JA285). The wholesale, retail and finance values are published because it is "tradition." (JA282). The book projects estimated values for vehicles "in average condition" with "average mileage. "The editors "consult various market sources for data, including actual prices paid for comparable vehicles in the market place," but "do not report actual market prices because [they] believe them to be out of date and invalid for the future period [they] are valuing." (App. 40a-41a).

II. PROCEDURAL BACKGROUND

In March 1991, CCC filed suit in the United States District Court for the District of Connecticut, seeking a declaratory judgment of copyright invalidity and non-infringement with respect to Maclean Hunter's copyrights in the Red Book and for various state law tort claims. Maclean Hunter filed a counterclaim for copyright infringement.

Each party moved for summary judgment. Granting CCC's motion and denying Maclean Hunter's, Magistrate Judge Arthur Latimer on April 7, 1993 issued a recommended ruling finding that CCC did not use any of Maclean Hunter's protectable expression:

> Maclean Hunter has not persuasively demonstrated that the values published in the Red Book are anything more than interpretations or analyses of factual information which have been gathered by the Red Book staff. Clearly, the valuations embody an idea -- that of the

> ability to place a dollar value on a used car or truck -- but they do not constitute an original expression of that idea. . . .[T]he valuations certainly appear to be nothing more than unprotected derivations and analyses of preexisting material.

(App. 51a).

The magistrate judge found that "practically speaking, there really is only one accessible way to express the idea of an item's value -- through use of a number," (App. 56a), and concluded that the copyright doctrine of merger, which provides that "expression of an idea is not protected when there is only one or so few ways of expressing an idea that protection of the expression would effectively protect the idea itself," precluded a finding of infringement. (App. 55a).

Finally, the court concluded that the Red Book is in the public domain because "the Red Book is virtually 'indispensable to statutory compliance. . . .'" (App. 60a).

The recommended ruling was adopted by the District Court on June 9, 1993. (App. 65a). Maclean Hunter filed a notice of appeal on July 2, 1993.[4]

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[4]Summary judgment in favor of Maclean Hunter on the state law claims was entered on May 4, 1993. A final judgment was entered on February 25, 1994. (App. 66a-67a).

On December 5, 1994, the Second Circuit reversed the District Court's decision, and directed that judgment be entered in favor of Maclean Hunter. The Second Circuit believed the price data to be protectable because they were original to Maclean Hunter, stating, "[Red Book's] valuations were neither reports of historical prices nor mechanical derivations of historical prices or other data. Rather, they represented predictions by the Red Book editors of future prices estimated to cover specified geographic regions." (App. 13a).

Further, the Second Circuit determined that in certain situations the merger doctrine would not apply, stating that in cases of wholesale takings of compilations, "a *selective* application" of the doctrine, "withholding its application as to soft ideas infused with taste and opinion, will carry out the statutory policy to protect innovative compilations without impairing the policy that requires public access to ideas of a more important and useful kind." (App. 26a-27a).

Finally, though not disputing that the Red Book was indispensable to statutory compliance, the Second Circuit concluded: "We are not prepared to hold that a state's reference to a copyrighted work as a standard for valuation results in loss of the copyright." (App. 31a).

The Second Circuit remanded the case to the District Court with directions that judgment be entered in Maclean Hunter's favor. (App. 34a). CCC's motion for rehearing and suggestion for rehearing *en banc* was denied on March 10, 1995.

REASONS FOR GRANTING THE PETITION

I. IDEAS EXPRESSED IN A WORK ARE NOT PROTECTED

The determination that ideas infused with taste or opinion can be the subject of copyright protection raises an important issue of federal law which has not been directly decided by this Court but which merits its attention. In *Feist Publications, Inc. v. Rural Telephone Service Company, Inc.*, 499 U.S. 340 (1991), this Court addressed many issues relating to the scope of a factual compilation's copyright protection. This case asks a related, but significantly different question concerning the protectability of data comprised of ideas, which, although based on factual research, originate with the compilation's author in the sense that the exact number published in the work may not be found elsewhere.

This issue is one which is recurring and of significance beyond the immediate case. Since the *Feist* decision, another appellate court has encountered the issue. *See Gates Rubber Co. v. Bando Chemical Industries, Ltd.*, 9 F.3d 823, 843 & n. 20 (10th Cir. 1993) (numerical constants which were the opinion of an engineer who compared and interpreted a large number of test results were unprotectable facts). Further, the amicus brief filed by other publishers[5] on

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[5]Dun & Bradstreet, Inc., which publishes commercial credit reports, credit reference publications, marketing labels, lists and directories; McGraw-Hill, Inc., whose divisions and subsidiaries include Standard & Poor's, J.J. Kenny Co., Inc., F.W. Dodge Division, Shepard's/McGraw

behalf of the appellee below indicate that this issue has widespread application and is likely to arise again.

The opinion below expands the copyright monopoly beyond the creative expression of the work to include the ideas expressed. In taking from the public domain those ideas which the court believes are "unimportant," it puts the copyright monopoly in direct conflict with the freedoms guaranteed by the First Amendment of the United States Constitution, and invites other courts to qualitatively evaluate the merits of ideas. It furthers the confusion among the lower courts about when and how to apply the merger doctrine, by suggesting that if its application is too inimical to the interests of the copyright owner, merger can be "withheld." It judicially amends § 102(b) of the Copyright Act by carving out an exception for "soft" ideas to which copyright protection will apply.

A. Basing Protection on the Merits of the Idea Violates the First Amendment

Over a century ago this Court held that copyright protection for an author's expression of an idea does not extend to the idea itself. *Baker v. Selden*, 101 U.S. 99 (1880). Since then courts have analyzed fact-based works to ensure that copyright protection in the expression does not

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Hill and *Business Week*; and Mitchell International, which publishes books and provides electronic databases to the automotive industry, filed an amicus brief arguing in part that "collections of judgments and evaluations expressed in numerical or symbolic form are entitled to copyright protection."

monopolize ideas, preserving the public's interest in the "market place of ideas." The idea/expression dichotomy strikes a "definitional balance between the First Amendment and the Copyright Act by permitting free communication of facts while still protecting an author's expression." *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 556 (1985).

In expressly extending protection to the "weaker suggestion-opinion category" of ideas, the Second Circuit believed that it would "not inflict injury on the opportunity for public debate, nor restrict access to the kind of data that illuminates our understanding of the phenomena that surround us or of useful processes to solve our problems." (App. 30a). This content-based analysis makes courts the arbiters of what ideas are important enough to be free. As this Court has noted, it is "'a dangerous undertaking for persons trained only in the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits.'" *Campbell v. Acuff-Rose Music, Inc.*, 114 S. Ct. 1164, 1173 (1994)(quoting *Bleistein v. Donaldson Lithographing Co*, 188 U.S. 239, 251 (1903)(Holmes, J.). By extending the copyright monopoly to supposedly "unimportant" ideas, a court is engaging in a form of censorship, raising serious First Amendment concerns.

"It is the purpose of the First Amendment to preserve an uninhibited market place of ideas in which truth will ultimately prevail. . . .It is the right of the public to receive suitable access to social, political, esthetic, moral and other ideas and experience which is crucial here." *Red Lion*

Broadcasting Company v. FCC, 395 U.S. 367, 390 (1969). The First Amendment protects expression against restrictions based on its "message, its ideas, its subject matter, or its content." *Police Dept. of Chicago v. Mosley*, 408 U.S. 92, 95 (1972). The First Amendment recognizes an "equality of status in the field of ideas." *Id.*

This policy applies to commercial speech as well. *See Virginia Pharmacy Bd. v. Virginia Citizens Consumer Council, Inc.*, 425 U.S. 748, 770-72 (1976). *See also City of Cincinnati v. Discovery Network, Inc.*, 113 S.Ct 1505, 1517 (1993). (an assertion that commercial speech is of "low value" cannot justify a content-based regulation under the First Amendment.) "The commercial market place, like other spheres of our social and cultural life, provides a forum where ideas and information flourish. Some of the ideas and information are vital, some of slight worth." *Edenfield v. Fane*, 113 S.Ct. 1792, 1798 (1993). Nonetheless, the speaker and the audience, not the courts, determine the value of the information. *Id.*

Copyright laws cannot take from the public domain those ideas which a court deems "less important."[6] This content-

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[6]The Second Circuit's extension of protection to an "unimportant idea" under the copyright law is questionable, particularly in light of Congressional policy for protecting ideas under the patent law, which has far more stringent requirements and which has a far more limited duration. How can a court extend greater protection to a lesser idea under copyright law than patent law would allow? *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 148 (1989).

based restriction violates the public's First Amendment rights and upsets the balance achieved by the Copyright Act.

B. The Scope of Copyright Protection Depends on the Type of Expression

The merger doctrine is a necessary extension of the idea/expression analysis which has particular application to a work which does not employ creative expression, but rather "lets the facts speak for themselves." *Feist*, 499 U.S. at 349. Protecting content, however, overturns the merger doctrine and the limitations of copyright protection for minimal, unoriginal expression.

1. Merger Should be Applied to Determine Protection, Not Infringement

The circuit courts disagree as to whether merger should be applied to determine protectability in the first instance[7]

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[7] *See, e.g., Bellsouth Adv. & Pub. Corp. v. Donnelley Info. Pub.*, 999 F.2d 1436 (11th Cir. 1993), *cert. denied*, 114 S. Ct. 943 (1994); *Autoskill v. National Educational Support Systems*, 994 F.2d 1476 (10th Cir.), *cert. denied*, 114 S. Ct. 307 (1993); *Mason v. Montgomery Data, Inc.*, 967 F.2d 135 (5th Cir. 1992); *Concrete Machinery Co. v. Classic Lawn Ornaments*, 843 F.2d 600 (1st Cir. 1988); *M. Kramer Mfg. Co., Inc. v. Andrews*, 783 F.2d 421 (4th Cir. 1986); *Apple Computer, Inc. v. Franklin Computer Corp.*, 714 F.2d 1240 (3d Cir. 1983), *cert. dismissed*, 464 U.S. 1033 (1984).

The holdings of the Ninth and Seventh Circuits are ambiguous as to the stage at which they apply the merger doctrine. *See Atari, Inc. v. North American Phillips Consumer Electronics Corp.*, 672 F.2d 607 (7th

or, as done by the Second Circuit, to determine whether an infringement has occurred. A merger analysis directly impacts the scope of protection for a work and produces results which are more consistent with the policy of the law when applied at the earlier stage. This approach supports both the First Amendment and § 102(b) of the Copyright Act, which deny protection to ideas. It also correctly focuses the infringement analysis on the protectable elements of the copyrighted work.[8] If the idea is incapable of being separated from the expression, such expression should be "considered as necessary incidents to the art, and given therewith to the public." *Baker v. Selden*, 101 U.S. at 103.

Following a suggestion from Professor Nimmer,[9] some courts, including the Second Circuit, apply the merger doctrine to determine whether there is substantial similarity between the work and the allegedly infringing material. *Kregos v. Associated Press*, 937 F.2d 700, 705 (2d Cir. 1991). The difference in this approach becomes apparent in

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Cir.), *cert. denied*, 459 U.S. 880 (1982); *Sid & Marty Krofft Television Products, Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977); *but see NEC Corp. v. Intel Corp.*, 10 U.S.P.Q. 2d 1177 (N.D.Cal. 1989).

[8]Courts using merger to determine protectability differ in their treatment of ideas which can be expressed in a very limited number of ways. Some courts deny protection altogether. *See Toro Co. v. R&R Products Co.*, 787 F.2d 1208, 1212 (8th Cir. 1986). Others severely limit the scope of protection. *See Sid & Marty Krofft Television*, 562 F.2d at 1168 ("When idea and expression coincide, there will be protection against nothing other than identical copying.")

[9]3 *Nimmer on Copyright* § 13.03[B][3] at 13-58 (1990).

dealing with minimally expressed, factual compilations where a significant portion of the work comprises data which are not eligible for copyright protection. If the merger doctrine is used to determine protection, then the infringement analysis will focus on any significant similarity with only the protectable expression of the copyrighted work. If merger is used to determine infringement, then the comparison becomes clouded by admitted similarity between the nonprotectable elements of the works. This method "lends itself. . .to the erroneous conclusion that merger is only available where the defendant has independently created an expression which happens coincidentally to be similar to the plaintiff's work. . . .[I]f a defendant has actually copied the plaintiff's work, it is unlikely to be allowed to rely on merger to avoid liability." *Kregos*, 937 F.2d at 716 (Sweet, J., concurring in part and dissenting in part). *See also NEC Corporation*, 10 U.S.P.Q.2d at 1188 (applying merger to explain coincidental similarity between two independently created works). When the Second Circuit held that it could simply "withhold" the merger doctrine, it distorted the infringement analysis. The court was influenced by factors which have no relation to the protectability of a work.[10] It

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[10]For example, the Second Circuit was concerned that so much of the data was used, noting that "virtually the entire compendium" was taken. *See* App. 28a. It is the facts contained in the compendium which were used, but not the protectable elements of selection and arrangement featured in the work. A competitor is free to use the ideas which are exposed in such a publication. *Feist*, 499 U.S. at 349.

The Second Circuit also considered the alleged impact on the market for the Red Book. "Under copyright law, however, the effect of a defendant's conduct on the market for the plaintiff's product is irrelevant

failed to acknowledge that there were unprotectable elements in the compilation or to determine if any protectable expression had been appropriated.

2. *Protecting Ideas Distorts the Infringement Analysis*

The elements of copyright infringement require a showing of: 1) valid copyright and 2) improper appropriation. "Ordinarily, wrongful appropriation is shown by proving a 'substantial similarity' of *copyrightable* expression." *Hoehling v. Universal City Studios, Inc.*, 618 F.2d 972, 977 (2d Cir.), *cert. denied*, 449 U.S. 841 (1980)(emphasis in original). Even if there is an admitted use of information, there is no infringement absent a substantial similarity of protectable expression. *See Cooling Systems and Flexibles, Inc. v. Stuart Radiator, Inc.*, 777 F.2d 485, 491 (9th Cir. 1985). Factual works are subject to greater scrutiny to restrict only the use of expression, but not ideas. *Hoehling*, 618 F.2d at 979-80; *Miller v. Universal City Studios, Inc.*, 650 F.2d 1365 (5th Cir. 1981).

By admittedly protecting ideas, the Second Circuit eliminated the requirement that there must also be similarity

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in determining liability." *See* Ray Patterson and Craig Joyce, *Monopolizing the Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*, 36 UCLA L. Rev. 719, 781 (1989). Nor, with the demise of the "sweat of the brow" rationale, is it a factor in determining protectability. *See Feist*, 499 U.S. at 353-54.

of expression.[11] The court took no account of the factual character of the Red Book materials and presumably determined that even a nonliteral use of the price data would be an infringement. Under this unqualified monopoly for ideas, no divergence of expression would be sufficient to defeat a claim of infringement.

C. A Statutory Monopoly Over the Use of Ideas Impedes the Progress of Science and the Arts

Article 1, § 8, Clause 8 of the United States Constitution gives Congress the power "to promote the progress of science and the useful arts, by securing for limited times to authors. . .the exclusive right to their respective writings. . . ." In setting its rather precise scheme for the scope of copyright protection for factual works, Congress has acted in the public's interest to promote the free flow of information. "To this end, copyright assures authors the right to their original expression, but encourages others to build freely upon the ideas and information contained in the work." *Feist*, 499 U.S. at 349-350. *See also Campbell*, 114 S. Ct. at 1169 n.5.

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[11] No copy or substantial description of the CCC database is in the record. CCC's summary judgment motion focused solely on the protectability of the Red Book. In its motion, Maclean Hunter did not put the database into the record nor did it undertake compare the database and the Red Book. The District Court made no finding of substantial similarity between the works. The Second Circuit presumed that there would be substantial similarity because there was substantial use of the information.

As if Congress had never entered this field, the court below perceived its mission as striking a new balance between the conflicting concerns for free access to ideas and providing economic incentive for authors. (App. 17a). It viewed the idea/expression dichotomy as a theory "which almost directly contradicted the original theory of copyright." (App. 18a). The Second Circuit implicitly acknowledged that the expression in the Red Book was too minimal to be separated from the idea, (App. 16a-17a), but as a policy matter, decided that the "judicially created" doctrine of merger could be "withheld" where it is too inimical to the interests of the copyright owner not to do so. (App. 18a, 27a). The Second Circuit concluded that if it allowed free use of the ideas expressed in the compendium, "virtually nothing will remain of the protection accorded by the statute to compilations." (App. 21a).

This holding upsets the Congressional balance of these concerns, tipping the scale in favor of providing economic incentive to the author instead of the public interest. *See* Patterson and Joyce, *supra*, at 732. *See also Feist*, 499 U.S. at 349. Further, it undermines the essential limitation on copyright protection because it focuses on rewarding the author's efforts and not on the quality of the expression for which protection is sought.

1. The Copyright Act Does Not Protect Ideas

In the Copyright Act, Congress unequivocally expressed both what it intended to protect and that which it did not. Congress first limited protection to "original works of

authorship fixed in a tangible medium of expression." 17 U.S.C. § 102(a). Congress further limited the scope of protection, stating: "In no case does copyright protection for an original work of authorship extend to any idea, . . . regardless of the form in which it is described, explained, illustrated, or embodied in such work." 17 U.S.C. § 102(b). Ideas contained in a work which would otherwise meet the "originality" criteria of § 102(a), therefore, are expressly excluded from protection. In § 102(b), Congress was "affirmatively declaring -- as clearly as it can and for the clearest of reasons -- that ideas are free to be copied, adapted and disseminated and that no court is to construe the federal copyright monopoly as inhibiting that freedom." Robert A. Gorman, *Fact or Fancy: Implications for Copyright*, 29 J. Copyright Soc'y 560, 604 (1982).

Congress was aware that protectable expression in a factual compilation might be thin or non-existent. It identified the protectable elements of a compilation as the original selection and arrangement of items compiled. *See* 17 U.S.C. § 101. The pre-existing materials and raw data do not qualify for protection simply by their inclusion in a compilation, and Congress restates this limitation in § 103(b). *See* 17 U.S.C. § 103(b). Data, whether ideas or facts, are categorically excluded from protection by § 102(b).

The key element of the Copyright Act is that the scope of the monopoly is determined by the type of expression. *See* Gorman, *supra*, at 572. Thus, "[i]f a compilation author clothes facts with an original collocation of words, he or she

may be able to claim a copyright in the written expression." *Feist*, 499 U.S. at 348. By contrast, however:

> Where the compilation author adds no written expression but rather lets the facts speak for themselves, the expressive element is more elusive. The only conceivable expression is the manner in which the compiler has selected and arranged the facts. Thus, if the selection and arrangement are original, these elements of the work are eligible for copyright protection. See Patry, Copyright in Compilations of Facts (or Why the "White Pages" Are Not Protectable), 12 Com. & Law 37, 64 (Dec. 1990). No matter how original the format, however, the facts themselves do not become original through association. See Patterson and Joyce 776.

Feist, 499 U.S. 349.

The Second Circuit attempted to turn the Red Book into a collective work,[12] finding that each number was an expression of the editor's selection and arrangement:

> The original aspect of Red Book's ordination (sic) and arrangement were inextricably present whenever CCC copied and republished any Red Book valuation, because each valuation incorporated the Red Book editors'

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[12] "A 'collective work' is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole." 17 U.S.C. § 101.

> original judgment concerning the predicted value of that automobile, as well as their judgment as to geographic consistency within a region.

(App. 15a n.8). An individual number, however, is a class of one and expresses no selection or arrangement in a compilation copyright sense.[13] The so-called elements of selection such as the regionality of the numbers or the valuation of an "average" vehicle are nothing more than bits of the information, totally subsumed within the one number that is given for each vehicle. These are not the expression of selection and arrangement which give protection to the work as a whole.

2. *Extending a Copyright Monopoly to Ideas Prevents Others From Building Upon Them*

Attempting to protect ideas impedes the advancement and dissemination of useful knowledge. First, it creates unnecessary waste of time and effort by requiring each newcomer to independently repeat the process of discovery of the information which has been published. Second, and as is the case here, where the information cannot be found in another source, it prohibits a second comer from building upon and

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[13]If a compilation lacks a minimum amount of original authorship, registration will be refused. For this reason, "[a]ny compilation consisting of less than four selections is considered to lack the requisite original authorship." *See* Compendium of Copyright Office Practices, § 307.01 (1984). Though Maclean Hunter registers the Red Book as a "collective work," each individual number is not a "separate and independent work."

improving the public's access to the information. Particularly where the second comer is prevented from adding considerable value to the information by providing an efficient, rapid and accurate means for its use which the copyright owner cannot, or chooses not to, offer, the public's interest is not well served. This problem recurs in numerous other settings, especially as the advancement of technology make the access to and need for current information greater than ever before.[14]

Even limiting the monopoly over information to data formed by an author's opinions or judgment does not alleviate the pernicious effect of extending copyright to ideas. Many social and commercial transactions are based on facts which, if closely examined, would be found to be infected with an author's opinion. For example, virtually all of recorded history involves some degree of hypothesis,

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[14] [T]he new technology of electronics in the twentieth century has created a new profit potential for marketing, entertainment, information and other matter via television sets and computer terminals....[The interest is in gaining] dominance in and profit from, providing access to the information....

* * * *

Whoever the competitors, the interest which the law seeks to protect remains constant, namely, the public interest. But how can that interest be protected in the face of courts seemingly convinced that the champion of the public is the combatant actually least interested in the dissemination by others of matters supposedly free for all to use?

Patterson and Joyce, *supra*, at 803.

analysis or opinion. *See Hoehling*, 618 F.2d 972. Predictions of weather trends and climatic conditions, while less important to some, may greatly influence an agrarian based business. A system of double entry accounting is not a verifiable fact, but it is an idea which may improve record-keeping practices. *Baker v. Selden*, 101 U.S. 99 (1880). The opinions of engineers as to the value of a constant in a formula used to determine belt loads is not important information to most people, nor is it original in a copyright sense. *Gates Rubber Company*, 9 F.3d 823. The weight assigned to atoms on the periodic table is the product of observation and opinion, but is surely not subject to copyright protection. "The suggestion that analysis, prediction and belief can be monopolized, especially because rooted in expensive enterprises, is bad law." Gorman, *supra*, at 578. If protection or nonprotection under the Copyright Act depends upon whether an idea is a fact which can later be conclusively verified, there would be a serious chilling effect upon the use of information derived from published works. The very object of publishing a book of information would be frustrated because "the knowledge could not be used without incurring the guilt of piracy of the book." *Baker v. Selden*, 101 U.S. at 103 (1880).

Even limiting copyright protection to "soft" or unimportant ideas will have a chilling effect on the use of information found in a published work. How could anyone know, on such a subjective standard, whether or not the use could be an infringement? The vehicle values which seem "unimportant" to the Second Circuit are vital to "states, courts, taxing authorities, departments of welfare, insurance compa-

nies, lending institutions, car dealers, libraries and the public generally." Confidential Brief for Appellant Maclean Hunter at 47. Frequently, as here, the author purports to be publishing reliable information, implying some fact-based content. Only after the infringement would the user discover that the information is the product of analytical research or opinion. How will the marketplace of ideas test the validity or importance of information which is protected from criticism, comparison and use?

The highly subjective standard proposed by the Second Circuit will inevitably lead to inconsistent decisions. The focus on irrelevant factors to determine protectability will cause the analysis to stray further and further away from an ascertainment of original, creative expression, the touchstone of copyright protection.

II. DUE PROCESS ENTITLES A PARTY TO USE INFORMATION INCORPORATED INTO LAW

The effect of due process considerations on the scope of copyright protection for a work which is incorporated into statute is ripe for determination by this Court. The Second Circuit in this case, and the First Circuit in *Building Officials and Code Administrators v. Code Technology, Inc.*, 628 F.2d 730 (1st Cir. 1980) ("BOCA") have both reached this issue.[15] The importance of the constitutional guarantees of

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[15] A case pending in the Ninth Circuit, *Practice Management Information Corp. v. American Medical Association*, 877 F. Supp. 1386 (C.D. Cal. 1994), also raises this point.

due process and the public's right to have access to knowledge of the law's requirements necessitates an accommodation with a copyright owner's monopoly power over portions of the law.

No one has seriously disputed, at least for the last century, that judicial opinions and statutes cannot be copyrighted, but are in the public domain. *See Banks v. Manchester*, 128 U.S. 244 (1888); *Wheaton v. Peters*, 8 Pet. (33 U.S.) 591 (1834); *Howell v. Miller*, 91 F. 129 (6th Cir. 1898); *Davidson v. Wheelock*, 27 F. 61 (C.C.D. Minn. 1866). Legislatures, however, have entered fields where the law-making body is unable to provide updated or technical information required for the statutory scheme. In this case, for example, several states have regulated the minimum value for settlement of total loss claims, by requiring that the insurer offer at least the average of the retail value for a substantially similar vehicle, as listed in the current editions of the Red Book and the NADA Guide. *See* N.J. Admin. Code § 11:3-10.4; 11 N.Y. Admin. Code § 216.7(c); 31 Pa. Code § 62.3(f). (App. 70a-77a).

The two courts of appeals which have addressed the issue of whether works that are incorporated into a state statute or regulation can be copied have reached opposite conclusions as to which policy is to prevail: the protection and rights accorded an author, or the right of public access to the

law.[16] In *BOCA*, the court recognized that the primary rationale for the refusal to extend copyright protection to opinions and statutes was the concept of due process, that the public must have access to the laws governing them. 628 F.2d at 734. At issue in *BOCA* was a model building code, privately developed and copyrighted by the plaintiff and bodily incorporated into the building code promulgated by the State of Massachusetts. The court observed:

> Due process requires people to have notice of what the law requires of them so that they may obey it and avoid its sanctions. So long as the law is generally available for the public to examine, then everyone may be considered to have constructive notice of it; any failure to gain actual notice results from simple lack of diligence. But if access to the law is limited, then the people will or may be unable to learn of its requirements and may be thereby deprived of the notice to which due process entitles them.

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[16]The laws at issue here differ from those which require only the filing or approval of a copyrighted work, but do not mandate that a particular work's content be incorporated into the law. *See Del Madera Properties v. Rhodes and Gardner, Inc.*, 637 F. Supp. 262 (N.D. Cal. 1985), *aff'd*, 820 F.2d 973 (9th Cir. 1987); *Rand McNally & Co. v. Fleet Management Systems, Inc.*, 591 F. Supp. 726 (N.D. Ill. 1983). Nor are the laws involved here analogous to those that merely set forth the requirements for state approval, acquisition and distribution of textbooks or other educational materials. *See, e.g.*, Tex. Educ. Code § 12.01, *et seq.*

Id. Recognizing that the owner of a copyright may refuse to publish the copyrighted work, and may prevent others from publishing the work, the court stated, "We cannot see how this aspect of copyright protection can be squared with the right of the public to know the law to which it is subject." *Id.* at 735. As a result of the conflict between copyright protection and due process, the court vacated the preliminary injunction entered in favor of the plaintiff, and remanded for additional fact-finding on the issue.

The Second Circuit did not answer these due process concerns, but alluded to "countervailing considerations," such as the potential for unconstitutional takings (App. 31a-32a). Given these competing concerns, this Court must determine for future cases the extent of a copyright monopoly where portions of the work are indispensable to statutory compliance.

The issue continues to be addressed in district courts. In *NADA Services Corporation v. CCC Information Services Inc.*, No. 91 C 4593, 1991 WL 287961 (N.D. Ill. Nov. 15, 1991), the court found that the statutes and regulations at issue here required use of the NADA Guide and that it had become "indispensable to statutory compliance." *Id.* at *4.

In contrast, the court in *Practice Management Information Corp. v. American Medical Association*, 877 F. Supp. 1386 (C.D. Cal. 1994), determined that a federal agency's requirement that physicians seeking Medicare or Medicaid reimbursement use codes from a privately developed reference work did not impact the scope of copyright for the

work. According to the *Practice Management* court, "The Copyright Act denies copyright protection only for statutes and judicial opinions originally created by the federal government or its officials." *Id.* at 1390 (*citing* 17 U.S.C. §§ 101, 105).

The public's need to know and have access to the text of the law is the same regardless of whether the law is authored exclusively by a legislative body or whether the legislature incorporates text authored by a private party. An author's interest in monopolizing the expression of a work must not impede the public's meaningful access to the law.

CONCLUSION

For the foregoing reasons, petitioner CCC Information Services Inc. respectfully requests that the Court grant its Petition for a Writ of Certiorari.

Respectfully submitted,

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